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# The Role of Ziswaf in Improving Financial Literacy and Reducing Unemployment for Economic Growth

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**Abstract.** The purpose of this research is to find out how the role of ZISWAF in improving financial literacy and reducing unemployment for economic growth. This research method is a type of library research, meaning that the information material used comes from library sources in the form of books, encyclopedias, magazines, journals, newspapers and others. The form of this research is descriptive, analytical, and critical. Therefore, the author can describe comprehensively the role of ZISWAF in improving financial literacy and reducing unemployment for economic growth. The result of this study is that by providing financial knowledge and support, ZISWAF can help individuals manage their finances effectively and create new jobs through the development of macro, small, and medium enterprises (MSMEs). ZISWAF also serves as a wealth redistribution tool that can reduce social and economic inequality. By increasing people's access to resources and opportunities. ZISWAF not only has direct benefits to beneficiaries but also encourages sustainable and inclusive economic growth.

*Keywords: Economic Growth; Financial Literacy; Unemployment; Ziswaf*

## 1. Introduction

Ziswaf, which consists of Zakat, Infaq, Shadaqah, and Waqf, plays a significant role in sharia-based economic development, especially in improving public financial literacy and reducing unemployment. In Indonesia, which has the largest Muslim majority in the world, ziswaf fund management has great potential to significantly support the national economy. In the context of financial literacy, ziswaf management encourages increased understanding of the importance of long-term financial management among beneficiaries. Research conducted by (Lestari, D & Tanjung, 2021) shows that zakat and waqaf-based education programs significantly improve financial awareness and financial management skills among mustahik, which contributes to individual financial stability.

On the other hand, ziswaf also plays a role in reducing unemployment through sustainable economic empowerment initiatives(Miftahurrahmah et al., 2023). The collected funds are used for skills training programs and funding micro, small, and medium enterprises (MSMEs). According to (N, Huda & M, 2019)in their research, ziswaf-based economic empowerment has succeeded in creating new jobs, strengthening local entrepreneurs, and increasing community productivity. This research also shows that the use of ziswaf funds to finance MSMEs has a positive impact on reducing the unemployment rate.

In addition, ziswaf's role in wealth retribution helps reduce social inequality and promote more inclusive economic growth. Productive waqf management not only supports economic development but also contributes to social stability and sustainable community welfare (Asutay, 2018b).

Poor financial management and high unemployment are major challenges to economic development, especially in developing countries. Amidst various efforts to tackle these challenges. ZISWAF has emerged as an important instrument in Islamic economics that aims to reduce social and economic inequality. Apart from being a wealth retribution tool, ZISWAF can also serve as an important financial literacy driver. Financial literacy is a major necessity in creating an economically self-reliant society, while the reduction of unemployment is key to social stability and improved welfare.

ZISWAF has long been seen as a means to lift the status of the poor. However, the potential of ZISWAF in supporting financial literacy and reducing unemployment has only received wider attention in recent years. In this context, this journal will discuss in depth how ZISWAF can contribute to financial literacy, economic empowerment, and ultimately to sustainable economic growth.

## 2. Methods

This research method is a type of library research, meaning that the information material used comes from library sources in the form of books, encyclopedias, magazines, journals, newspapers and others (Dewi et al., 2023). The form of this research is descriptive, analytical, and critical. Therefore, the author can describe comprehensively the role of ZISWAF in improving financial literacy and reducing unemployment for economic growth. In this research, the author optimally uses data sources related to this research, namely primary data sources and secondary data sources. The primary sources of this research are books and scientific journals on the role of ziswaf in improving financial literacy and reducing unemployment for economic growth. Meanwhile, this research is supported (secondary) by other works of thought related to zakat.

## 3. Results and Discussion

### 3.1. ZISWAF and financial literacy

Financial literacy is an important component of economic development. Without financial literacy, people tend to make poor financial decisions, which can worsen their economic condition. ZISWAF can play a role in improving financial literacy through financial education programs. Some ZISWAF management institutions have started initiatives to provide training to beneficiaries. This training covers personal financial management, how to utilize funds wisely, and basic knowledge of sharia-compliant investments (Sardiana, A., 2018)

Increased financial literacy can help people manage ZISWAF funds more effectively, so that the long-term impact is more pronounced. In addition, with a better understanding of Islamic financial products, people can avoid interest-based debt that is not in accordance with Islamic principles (Akbar et al., 2024).

Several studies have shown that ZISWAF acts as an effective educational medium in working on Islamic financial principles to the community. According to research by (Asutay, 2018) ZISWAF-based programs have successfully programmed concepts such as zakat as a financial obligation that must be fulfilled, infaq and sadaqah as a means of wealth distribution, and waqf as a long-term social investment (Asutay, 2018b).

By understanding these principles, people begin to be more aware of the importance of managing their finances responsibly.

Financial literacy binding through ZISWAF is also associated with people's ability to manage personal finances. Well-organized zakat programs often involve financial training that teaches how to budget, save, and develop long-term financial plans (Aziz, N & Mohammad, 2016). A transparent and accountable zakat management system is essential to increase public trust. Accountability towards ZISWAF fund management plays a role in educating the public about the importance of supervision and transparent financial reports, it also encourages individuals to understand how their funds contribute to socio-economic development (Huda, N & Heykal, 2020).

Waqf is an important instrument in raising awareness of sustainable social investment. Waqf assets can be used to build social infrastructure such as hospitals, schools, and community centers that provide long-term benefits to society (Kahf, 2014).

3.2. ZISWAF as a Solution for Unemployment

One of the most significant roles of ZISWAF is to create new jobs and reduce unemployment. ZISWAF funds can be used to support small and medium enterprises (SMEs) through the provision of business capital and entrepreneurship training. Zakat funds are used to support entrepreneurship among the poor (Mustahik). Programs such as BAZNAS Microfinance Desa provide business training and microloans, which help mustahik transition into muzakki (from recipient to giver of zakat). The success of this program depends on good management and community involvement (Efendi, M.S & Fathur Rohman, 2021).

Research by (Ahmad, S. & Harahap, 2020)shows that Bitul Mal wat Tamwil (BMT) has successfully provided microloans to small entrepreneurs, which helps them start or expand their businesses. Thus, BMTs play a role in creating jobs and increasing people's income. Waqf, especially when used for socio-economic projects, has an important role to play in supporting unemployment reduction. Waqf assets invested in sectors such as education, health, and small businesses contribute to long-term economic development.

Productive waqf programs have also been proven effective in empowering communities. For example, waqf land used for agriculture or the construction of social infrastructure such as schools and clinics can create new jobs. The program also supports economic sustainability by ensuring that resources remain usable for future generations (Zainuddin, M., Mustari, 2021)

3.3 Impact of ZISWAF on Economic Growth

Well-managed zakat funds have a positive impact in increasing the purchasing power of the poor and creating a multiplier effect on the local economy. According to (Herianingrum, S., 2023) the distribution of zakat productively, such as through entrepreneurship programs or skills training, encourages zakat recipients (mustahik) to be more economically independent which basically reduces inequality and increases productivity. By improving the welfare of the mustahik, zakat contributes to an increase in GDP through higher consumption and increased Economic activity.

Infaq and sadaqah play an important role in maintaining social balance and helping the community deal with economic crises. These zakat funds are often used for social activities such as disaster relief, education, and healthcare. The positive effects of infaq and sadaqah in reducing poverty and supporting social welfare help create economic stability that supports long-term growth (Hakim, R., 2021).

Waqf, especially productive waqf, is an asset that can be managed to support strategic sectors such as education, health, and infrastructure. Productive management of zakat, for example in the development of commercial properties or educational facilities, creates jobs and strengthens the local economic base. Technological innovations such as the use of Blockchain in waqf management also increase transparency and efficiency, which are essential for sustainable economic growth (Mawardi, I., 2023)).

Islam has its own instrument to solve the problem of equitable income distribution and poverty alleviation known as Zakat, Infaq, Shadaqah, and Waqf (ZISWAF). ZISWAF is an act of worship that contains two dimensions, namely hablummina Allah or vertical dimension and horizontal dimension or hablum minannas (Sardiana, 2016).

In addition, a structured ZISWAF program can help stabilize the economy by reducing income imbalances and ensuring that more people have access to economic opportunities (Purwanto, H., & Safitri, 2021).

The use of ZISWAF funds not only affects the individual recipients but also the national economy as a whole. For example, the integrity of zakat into national development strategies can help achieve the SDGs (Sustainable Development Goals), especially in terms of poverty alleviation and social welfare improvement. Efficiently managed ZISWAF programs are able to strengthen the economic base by encouraging entrepreneurial activities and reducing people's dependence on social assistance (Hasan, 2022).

3.4 Case Study: ZISWAF Implementation in Indonesia

In Indonesia various ZISWAF initiatives have been implemented with good results. An example is the productive waqf program managed by the Indonesian Waqf Board, where waqf is used for productive projects such as agricultural land development and commercial property development. This program has successfully created thousands of jobs and improved the welfare of the surrounding communities (Zainuddin, M., Mustari, 2021). An example of this productive zakat program is BAZNAS Microfinance Desa, which aims to establish mustahik to build micro-enterprises so that they can move out of poverty and contribute economically as muzakki.

Another relevant study is the role of BMT in distributing ZISWAF funds to help micro-entrepreneurs, by providing business training and access to capital, many previously unemployed micro-entrepreneurs are now able to run their own businesses. This not only reduces unemployment but also encourages the growth of the informal economic sector (Ahmad, S. & Harahap, 2020).

Waqf in Indosensia is increasingly directed towards productive uses, such as the construction of public facilities, hospitals. Land waqf is an example, where the land is used for the construction of commercial or agricultural properties whose proceeds are used to fund social programs.

## 4. Conclusions

ZISWAF is an Islamic financial instrument that not only functions as vertical worship (relationship with God) but also has a horizontal dimension (relationship with fellow humans). A structured, accountable and transparent ZISWAF program can support poverty alleviation, reduce unemployment and strengthen economic growth. By improving financial literacy, encouraging entrepreneurship and utilizing modern technology, ZISWAF plays a major role in creating sustainable prosperity. Good Ziswaf management that is integrated with national strategies can accelerate the achievement of inclusive and equitable development goals.

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